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C O N F I D E N T I A L SECTION 01 OF 02 MADRID 000375

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SUBJECT: ZAPATERO ANNOUNCES CABINET CHANGE

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Classified By: Charge D'Affaires Arnold Chacon for reasons 1.4 (b) and (d)

[¶1.](#) (C) SUMMARY. President Zapatero announced six new ministers in a cabinet shuffle on April 8. While Zapatero claimed that this was a considered response to the worsening global financial crisis, the reality is that he suffered a serious setback in the March 1 Galician regional election and is trying to stem the slide in his popularity before the June EU Parliamentary elections. We do not anticipate any sharp policy changes as a result of all this. END SUMMARY.

[¶2.](#) (U) President Zapatero announced six new ministers in a cabinet shuffle on April 8. Characterizing his move as intensified effort in his economic recovery plan, Zapatero said the cabinet changes were made in response to the G-20 Summit conclusions and to prepare for Spain,s upcoming EU presidency in January 2010. "The development of the current political climate and the economic situation demand a change of rhythm," Zapatero said. He claimed that his administration had already enacted strong, productive measures to deal with the global financial crisis and that these adjustments were part of his continuing efforts to prepare for any &possible instabilities8 and promote Socialist Party objectives for Spain,s future.

[¶2.](#) (U) The new ministers are:

Elena Salgado - Second Vice President and Minister of Economy, (previously Public Administration Minister), replaces Pedro Solbes

Manuel Chaves - Third Vice President and Minister of Autonomous Community Affairs, newly created position (until now Andalusia regional governor)

Jose Blanco) Minister of Public Administration (remains PSOE Vice Secretary General), replaces Magdalena Alvarez

Angel Gabilondo, - Minister of Education (previously President of the Spanish University Rectors Conference), replaces Mercedes Cabrera

Trinidad Jimenez - Minister of Health and Social Policy (previously Secretary of State for Latin American Affairs), replaces Bernat Soria.

Angeles Gonzalez-Sinde - Minister of Culture (previously President of the Spanish Academy of the Arts and Cinematographic Sciences), replaces Cesar Molina.

[¶3.](#) (U) The new cabinet picks are primarily party loyalists who will help Zapatero prepare for the upcoming June EU

Parliamentary elections. In particular, Zapatero selected two of the most politically savvy PSOE members to help him tackle the administration's challenges, Manuel Chavez and Jose Blanco. Manuel Chavez has led the Andalusia regional autonomous community for 19 years and his powerful contact network will help him manage the thorny problems of "dividing the pie" among the regions, as well as bring out the vote in the June EU Parliamentary elections. Jose Blanco is the political operative responsible for the PSOE's campaign strategies. Trini Jimenez helped Zapatero win leadership of the PSOE after its poor performance in the 2000 general elections and played a key role in his 2004 presidential campaign. Salgado is valued by Zapatero for her depth of experience administering government ministries. She also brings private sector experience in consulting and telecoms to her economic portfolio.

14. (C) While Zapatero is emphasizing that the cabinet shuffle is an intensified effort to address the impact on Spain of the global economic crisis, his real motive is probably to convince increasingly skeptical Spanish voters that he has the situation under control. In the March 1 regional elections, the Socialists lost to the Popular Party (PP) in Galicia, a warning sign for Zapatero as he grapples with increasingly poor economic performance and unemployment at 15 percent and rising. While on March 1, the Socialists won in the Basque Country, they have had to form a coalition with the PP in order to form a regional government. This presents a poisoned chalice to Zapatero. While the Socialists can claim historic change in dislodging the Basque Nationalists (PNV) from their 29-year rule, it comes at the expense of PNV support in the Spanish Parliament (where Zapatero is seven votes short of a majority) -- just as there are increasing calls on the GOS to address economic and other concerns. The PNV has already shown its displeasure by

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voting against Zapatero and siding with the PP on congressional votes regarding judicial review and infrastructure issues. Speculation increased after the regional elections, that with the Zapatero government viewed as increasingly weak and lacking in parliamentary allies just as the domestic economic crisis is reaching new depths, Zapatero might consider cabinet changes. Clearly, Zapatero decided that he could not afford to wait until after the EU Parliamentary elections in June.

15. (C) Zapatero faces an increasingly delicate political situation given the power plays in the Basque Country, the ever more troublesome national congress dynamics, and the worsening economic statistics. That the PSOE-led national government may be lacking in parliamentary allies just as the domestic economic crisis is reaching new depths may have informed Zapatero's decision to engage in a bit of "political theater" to convince the electorate that his administration is moving forward on all fronts. In reality, Zapatero will not be adjusting course, but gathering trusted allies close in preparation for the next electoral test -- the June 7 elections for the European Parliament. Media reaction to the cabinet changes have varied. Many have noted that Salgado lacks the macroeconomic policy credentials of Solbes. Other have called this a desperation move by Zapatero to shore up his image. Few seem to expect any real course changes in policy, since Zapatero is a notoriously top-down president who allows his ministers little freedom of action. The timing of the announcement was also bungled as the news leaked while Zapatero was traveling from the G-20, to the NATO Summit, to the U.S-EU Summit, to the Alliance of Civilizations Forum in Turkey. Speculation engendered by the leaks competed with the story Zapatero wanted the media to focus on -- his meeting with President Obama. Finally, it appeared Zapatero had no choice but to make the announcement and get it over with.

